

MANAGEMENT MISSION AREA SUMMARY

MISSION: CONTINUE TO BUILD A STRONG INSTITUTION

Treasury's missions include diverse and critical responsibilities in the programmatic areas of economics, finance, and law enforcement. This fourth mission area recognizes the need for strong and efficient management processes and administrative support to accomplish our program missions. The goals and objectives under this mission enable the Department and its bureaus to effectively meet their operational objectives.

The management mission area includes Department-wide goals and objectives to strengthen our human resources, information technology, financial and asset management, procurement, and equal opportunity programs. In addition, it also includes Department-wide initiatives in the areas of customer and employee satisfaction. These are structured to implement a "balanced measures" approach to measuring program success throughout the Department.

In achieving the management mission, Treasury works closely with various organizations to ensure coordination on cross-cutting activities. These organizations include, among others, the Office of Management and Budget, the Government-wide Chief Financial Officers Council, the Office of Personnel Management, the Federal Chief Information Officers Council, and the General Services Administration.

The goals and objectives presented here are viewed as "enabling," support-oriented goals and objectives and are Department-wide in nature. Consequently, all bureaus, under the leadership of the Department, participate in ensuring their implementation.

FY 2000 Highlights

- In January 2000, Treasury implemented a Law Enforcement Demonstration Project that establishes a streamlined hiring process for filling certain scientific, technical, and engineering positions deemed critical. It creates a system of pay banding, in which the pay scales of several GS levels are combined into one pay range and a new hire's compensation can be established on the basis of such factors as: his or her experience, pay in the private sector, competing job offers, professional credentials, and potential value to the bureaus. In addition to general pay increases and locality pay, which cover all employees, participants whose performance meets or exceeds expectations may receive performance-based increases. This demonstration project provides Treasury a competitive system of financial rewards that should enhance efforts to recruit and retain a high-quality workforce.
- In FY 2000, over 81,000 IRS employees voiced their opinions through "Survey 2000," with overall satisfaction results at the IRS showing a 4% increase over both the established target (59%) and FY 1999 levels. "Survey 2000" results showed many areas with significant gains of 5% or more, including "employee pride" (up 6% from 1999), and the "overall job satisfaction" of employees, which reversed its downward trend with an increase of 5% over last year. In addition, improvement in the service-wide ratings for managers can be traced back to favorable ratings given in minimizing work-related stress. Managers have committed to improving all areas through increased communications, partnerships, workgroups, and other innovative approaches. At the sub-unit level, overall results were up, with seven of the 11 sub-units surveyed showing improvement over FY 1999 levels.

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
70	39 (56%)	25 (36%)	6 (8%)	31 (44%)

GOAL: SUPPORT THE ACHIEVEMENT OF BUSINESS RESULTS

Treasury's operating programs and staff deal directly with our customers each day and are primarily responsible for meeting our service standards, our business objectives, and our missions. These staff are aided by a management support infrastructure which provides the tools they need to do their job, ranging from providing quick access to the information they need, to maintaining their physical workstations and office environment, to making sure they get paid on time.

To reflect the activities that make up this infrastructure, we have set a strategic goal to improve our capabilities in each of the support areas throughout the Department because, by doing so, we enhance the capability of the operating programs to meet their business targets. In other words, the right people, supported by the right technology, with access to the right information in a well-managed, strategically-driven organization that will get the job done.

Key Partners in Achieving this Goal Include: The Office of Personnel Management, General Services Administration, Government-wide councils (i.e., Chief Financial Officers Council, Federal Chief Information Officers Council, and the Procurement Executive Council), and the Office of Management and Budget.

Benefits to the American Public: Taxpayers deserve the most efficient and effective use of their tax dollars. Emphasis is and must continue to be placed on infrastructure issues within the Department to ensure all mission requirements are met at the least cost to the taxpayer.

FY 2000 Highlights

- Among other accomplishments, Treasury used a variety of recruitment tools to attract high-quality employees, including private sector expertise in marketing, advertising, and search firms, and Internet recruiting.
- Treasury worked on several initiatives to strengthen the Treasury Equal Opportunity Program and to enhance efforts related to diversity, civil rights programs, and discrimination complaints.
- The Department continued to improve quality and timeliness of the Department's financial data, reducing the number of material weaknesses, and maintaining a qualified audit opinion on its FY 1999 financial statements (and eliminating one of two items causing the qualified opinion).
- Treasury succeeded in its Y2K conversion efforts and undertook a number of valuable security assessments to improve the Department's overall security posture, including strengthening Electronic Data Processing general controls in several key bureaus.
- Several bureaus made progress in measuring customer satisfaction of its products and services, and in measuring and improving employee satisfaction.

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
38	24 (63%)	12 (23%)	2 (5%)	14 (37%)

Treasury Objective: Improve the Capacity to Recruit, Develop, and Retain High-Caliber Employees

Key Trends

Treasury is a complex organization with 150,000 employees working in various bureaus whose missions range from administering and protecting the Nation's financial system, to ensuring the safety of national and world leaders, to training law enforcement professionals and fighting crime. Recognizing that the achievement of its operational goals is dependent on the quality of its workforce, Treasury is examining the best practices of private industry, as well as state and local governments, in order to take advantage of successful marketing expertise and state-of-the-art recruitment techniques, including using the Internet. This, coupled with many flexibilities that are currently available in the Federal government, should improve the Department's capacity to attract and retain talented staff.

Measuring the capacity to recruit, develop and retain an effective staff is not clear cut, but several indicator trends may provide some sense of Treasury's progress in this area. Under the assumption that education levels positively correlate with performance potential, the percentage of college-educated new hires may be viewed as a gross indicator of recruitment success. For Treasury, this indicator has been relatively stable over the past five years with roughly one fifth of all hires possessing at least Bachelor Degrees (see Fig. 30). An indicator of retention success is the percentage of employees that leave the Department that were rated as "outstanding" during their most recent performance review. The general trend in this area has been stable (see Fig. 31).

Factors affecting this objective include the changing nature of the civilian labor force, including expanded employee expectations (financial incentives, cutting-edge work, development opportunities, state-of-the-art tools of the trade, and improved facilities), and fierce competition for the best and the brightest across Government and the private sector.

Treasury Programs

The Assistant Secretary for Management and Chief Financial Officer (through the Office of the Deputy Assistant Secretary for Human Resources) has the primary responsibility for ensuring the implementation of this objective, and directs all human resources-related issues for the Department.

FY 2000 Key Accomplishments and Performance Results

Key Accomplishments

During FY 2000, Treasury made great strides in improving the capacity to recruit, develop, and retain high-caliber employees. Much of the progress was initiated at the Department level and impacted every bureau. Still many more specific programs were initiated in individual bureaus to address a particular problem. Listed below are examples of both Department-wide and bureau specific accomplishments.

Fig. 30: New Hire Education Level

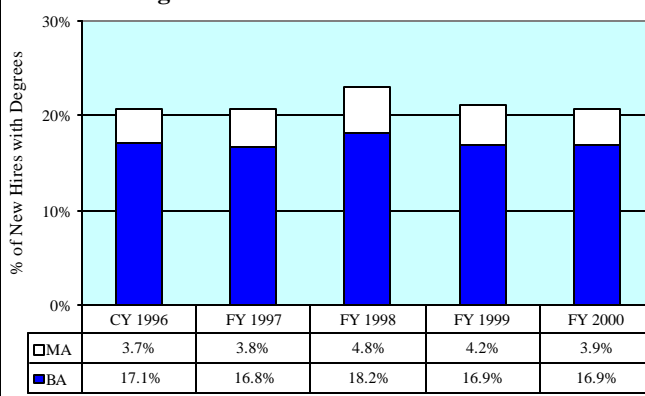
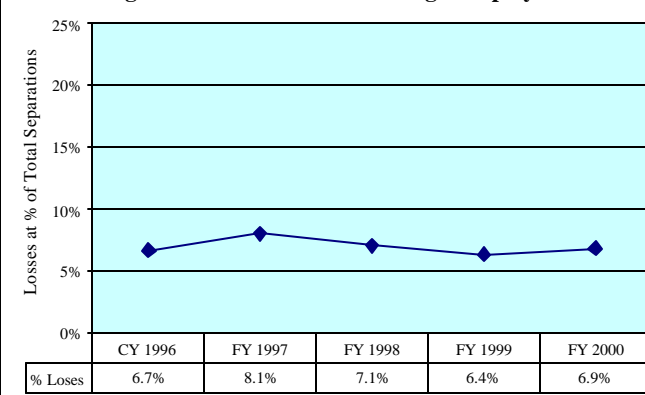


Fig. 31: Losses of "Outstanding" Employees



Improving the Capacity to Recruit

- **Using Private Sector Expertise.** A number of bureaus have contracted with professional advertising agencies to develop non-traditional recruitment programs and advertising campaigns that highlight the challenges and career benefits of targeted positions. Recruitment focus includes schools, publications and other audiences with specific expertise. For example, the U.S. Secret Service continues to use public service advertising in schools, providing messages about characteristics needed for its positions. Also, the Internal Revenue Service (IRS) has further expanded its sophisticated marketing and recruitment campaign with a private contractor to develop advertisements that will be delivered via targeted media placement. The U.S. Customs Service (Customs) used a contractor to develop its advertising campaign to disseminate information for its bureau-wide quality recruitment initiative. Other bureaus use private sector search firms to recruit and conduct references for executive level and hard-to-fill positions.
- **Recruitment on the Internet.** The Department continued improvement of its web site, with an interactive format, to market Treasury employment to the public. Through the use of web-based technologies, bureaus revamped their marketing efforts and hiring processes, and instituted a wide range of recruiting initiatives to carefully target needed skills and appropriate applicant pools. The U.S. Mint turned its web site's electronic commerce application into a recruitment tool – its popular online product catalog has a direct link to its job page. The Federal Law Enforcement Training Center (FLETC) established an electronic recruitment kiosk and Customs continued use of its Quality Recruitment Initiative that allows applicants to apply for advertised openings on the Internet.
- **Quality Recruitment and Advance Planning.** Recruitment included planning and targeting initiatives that met immediate and long-term needs, given the current competition for quality employees. An example of such an initiative was the Department's success in obtaining an excepted service appointing authority from the Office of Personnel Management (OPM). This authority will provide greater flexibility in recruiting and hiring for certain law enforcement positions. Treasury also participated extensively in the development of a similar government-wide excepted service authority, OPM's new Federal Career Intern Program, which expands the capacity to target recruitment for a variety of occupations and to expedite the hiring process. FLETC developed a successful workforce diversification plan and recruitment team to attract high-quality applicants from targeted groups. The anticipated shortage of information technology (IT) personnel has prompted the development of a Department wide initiative to ensure that potential hires for executive positions possess core competencies and to facilitate effective succession planning for IT leadership. A similar plan using internships for entry level positions is in the developmental stage, with the goal of producing a cadre of individuals who will become future IT leaders. In addition, a key feature of the Customs' Quality Recruitment Initiative is that it can be modified and adapted to recruit for a variety of positions to meet long-term hiring needs. The combined result of all these new authorities should be a positive impact on Treasury's ability to recruit better-educated, higher-caliber employees

Developing Treasury's Leaders

Treasury Executive Leadership Program. Treasury instituted a customized training course open to executive-level employees from all the bureaus who have Senior Executive Service tenure or equivalent rank. Its purpose is to fine-tune and reinforce leadership competencies which executives need for managing their operations and employees to optimum performance. Feedback from program participants has been overwhelmingly positive and has reflected their desire to continue using their expertise and the principles learned to benefit the Department. As a result, Treasury contracted with OPM's Federal Executive Institute to conduct an Action Learning Program, a program for these executives to continue learning new skills while addressing significant business issues. The program uses a mix of a short residential training session, one-day monthly team meetings, and work on the business issue while back on the job. This program is currently being piloted with two teams of executives meeting once a month.

Maximizing the Ability to Retain Employees

The Department is examining different approaches and developing a variety of methods to mitigate disparities that may exist between its compensation/benefits programs and those of private sector firms.

- **Law Enforcement Demonstration Project.** In January 2000, Treasury implemented a Law Enforcement Demonstration Project that establishes a streamlined hiring process for filling certain scientific, technical, and

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engineering positions deemed critical. It creates a system of pay banding, in which the pay scales of several GS levels are combined into one pay range and a new hire's compensation can be established on the basis of such factors as: his or her experience, pay in the private sector, competing job offers, professional credentials, and potential value to the bureaus. In addition to general pay increases and locality pay, which cover all employees, participants whose performance meets or exceeds expectations may receive performance-based increases. This demonstration project provides Treasury a competitive system of financial rewards that should enhance efforts to recruit and retain a high-quality workforce.

- ***Repayment of Student Loans.*** Treasury played an important role in the issuance of regulations that are expected to enhance the ability to recruit and retain select employees. Legislation had previously been passed which provided for OPM to issue regulations implementing a student loan payment program. Such a program would allow agencies to pay the outstanding student loans of highly qualified candidates/employees in order to recruit/retain them. Since the IRS believed that such regulations would be very beneficial, Treasury urged OPM to act and provided draft language. This language became the basis for the proposed regulations issued by OPM in June 2000.

Performance Results

Following is a report on the performance targets in Treasury's FY 2000 Performance Plan related to this objective:

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
1	0	1 (100%)	0	0

Departmental Offices Performance Goal: *Reengineer the human resources system to provide better support to Treasury missions*

Performance Measure: Percentage of Treasury Employees Serviced by New, Modularly-Developed Human Resources System, *HR Connect*

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	11%	6%

Explanation of Measure: Treasury is facilitating the re-engineering of human resources (HR) systems through the development of a new HR System. This system is being developed modularly, resulting in incremental deployment of system functionality. These deployments are being made in a phased-in approach across Treasury. This measure reports the number of Treasury employees whose personnel services are being provided through the new Treasury *HR Connect System* at the current level of available functionality.

Explanation of Shortfall: Currently, approximately 6% of the Treasury population is serviced by the new Human Resources System. This percentage includes employees in the Office of the Comptroller of the Currency, the Bureau of Alcohol, Tobacco and Firearms, and Departmental Offices. Deployments that were originally expected in FY 2000 for the United States Secret Service and the Financial Management Service have been delayed until early calendar year 2001. This delay was mutually agreed upon between the *HR Connect* program office and the affected bureaus based both the program's readiness to service the additional bureaus from a new production facility opened at the IRS Detroit Computing Center, as well as the bureau's readiness to implement the new software .

Treasury Objective: Foster an Environment of Equal Opportunity

Key Trends

Treasury's equal employment opportunity efforts are geared toward attracting, retaining and developing a diverse workforce. Overall, the Treasury's minority employment is significantly above the levels in the total Civilian Labor Force (22% from 1990 Census) and has remained fairly constant over the last four years, meaning that net accession and retention rates for minorities have remained level over this period (see Fig. 32). The Department will continue its focus on minority and female hiring.

Minority representation at the GS 13-15 grades has steadily improved between FY 1996 and FY 2000, increasing from 33% to 35%. Similar gains were realized in minority representation at the SES level between FY 1996 and FY 1999; however, from FY 1999 to FY 2000, minority representation at the SES level decreased from 14% to 12% (see Fig. 33). Promotion rates for minorities (38%) continued above their representation level in the Department (35%) for FY 2000 (see Fig. 34).

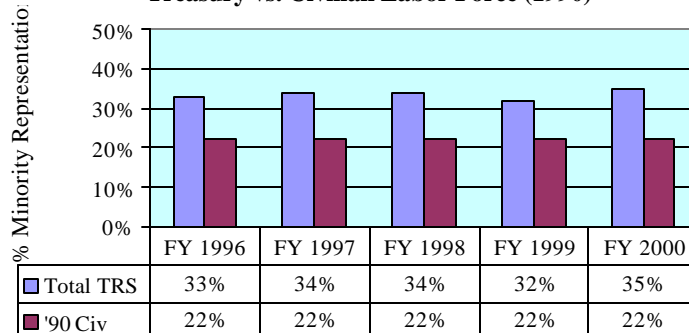
The Department has been responsible for 17%⁸ of the new hires with disabilities in the Federal workforce (while Treasury represents only 8.2% of the Federal workforce). In FY 2000-2005 Treasury will increase the effort to ensure that individuals with disabilities are an integral part of the workforce.

Treasury Programs

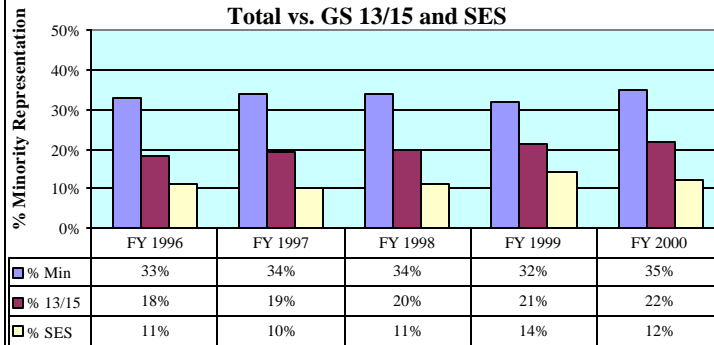
The Assistant Secretary for Management and Chief Financial Officer (through the Office of the Deputy Assistant Secretary for Human Resources) has the primary responsibility for ensuring the implementation of this objective, and directs the Department's equal opportunity and civil rights responsibilities.

In FY 2000, the Office of Equal Opportunity Program (OEO) under the Deputy Assistant Secretary for Human Resources was reorganized to improve the Department's ability to meet its equal opportunity and civil rights responsibilities. OEO administers the Departmentwide equal opportunity program by providing policy, oversight and technical guidance for the bureaus on affirmative employment, special emphasis, diversity, civil rights and discrimination complaint programs.

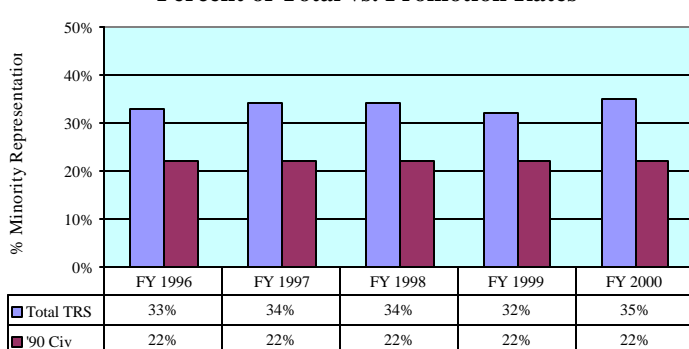
**Fig. 32: Minority Representation
Treasury vs. Civilian Labor Force (1990)**



**Fig. 33: Minority Representation
Total vs. GS 13/15 and SES**



**Fig. 34: Minority Representation
Percent of Total vs. Promotion Rates**



⁸ OPM Central Personnel Data File

FY 2000 Key Accomplishments and Performance Results**Key Accomplishments**

Over the past year, Treasury embarked on a number of initiatives to strengthen the Treasury Equal Opportunity Program and foster an environment of equal opportunity. The Department balanced our program and resources to address our responsibilities for Diversity, Civil Rights and Discrimination Complaints. Treasury also enhanced our outreach efforts as well as our partnerships internal and external to Treasury by establishing partnerships with schools, including those having large minority populations, maximizing the use of technology (Internet and Intranet), and using existing organizations to leverage recruitment. In addition, we took steps to strengthen our discrimination complaint program focusing on Alternate Dispute Resolution and timely complaint processing.

Diversity

- ***Diversity Day.*** As part of the foundation of Treasury's diversity initiatives, the Secretary declared the second Friday in June as the annual Diversity Day throughout the Department. The goal of Diversity Day is to improve communication about, and understanding of, diversity among all employees of the Department and its customers. In addition, the Secretary's Award for Diversity was established to highlight the significance of diversity throughout the Department by recognizing noteworthy individual and group contributions to the success of increasing and managing Treasury's diversity.
- ***Hispanic Executives Summit.*** Treasury partnered with the National Association of Hispanic Federal Executives and other Federal agencies and served as host for the Hispanic Federal Executive Summit III, a forum to develop strategies to address the status of Hispanic Executives in the Federal workforce.
- ***Disabilities Hiring.*** Also, in support of the President's initiatives on individuals with disabilities, the Department developed a recruitment plan with a 5-year hiring goal of 12,000 for individuals with disabilities – 2,400 annually. This goal results in a 26% increase in the average number of individuals with disabilities hired by the Department annually.
- ***National Recruitment Strategy.*** The Department identified a National Recruitment Strategy of information sharing to assist in strengthening our capacity to recruit, hire and train an increasingly diverse workforce. We have examined recruitment strategies of our most progressive bureaus, other Federal agencies and private sector companies and have identified potential best practices to share throughout Treasury.

Civil Rights

Over this past year, the Civil Rights Program focused on assessing the scope of the program, establishing a baseline and putting into place appropriate policies, procedures and regulations. Treasury focused on building a strong civil rights program by issuing program policy guidance and establishing complaint procedures.

Discrimination Complaints

To increase the efficiency of the discrimination complaint process, OEOP contracted out a total of 52 cases for preparation of recommended decisions during FY 2000. Our contracting cases exceeded our 5% goal. We also increased our overall case closure rate by 20% by completing 525 final agency decisions in FY 2000. Other steps taken to improve processing include a study of the Equal Employment Opportunity investigator cadre, which resulted in recommendations for improvement of complaint investigations.

Alternative Dispute Resolution (ADR)

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ADR programs, required by the revised Equal Employment Opportunity Commission regulations, provide increased opportunities to resolve workplace disputes. In FY 2000, thirteen Treasury bureaus submitted ADR programs for OEOP approval. OEOP approved five plans and returned the remainder for changes needed to ensure compliance with 29 CFR 1614 regulations. OEOP has also approved Resolution Conference procedures for use by the Treasury Complaint Centers in efforts to resolve complaints.

Performance Results

Following is a report on the performance targets in Treasury's FY 2000 Performance Plan related to this objective:

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
2	1 (50%)	1 (50%)	0	0

Departmental Offices: Improve management operations by increasing the efficiency of the EEO process

Performance Measure: Percentage of Bureaus with Mechanisms to Allow for Early Complaint Resolution through Alternative Dispute Resolution

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	75%	39%

Explanation of Measure: The Department measures the rate of resolution by comparing the number of employees who seek informal EEO counseling during a given period to the number of formal EEO complaints that are filed. To increase this rate, the Department piloted the use of alternative dispute resolution programs in a small number of situations. Bureaus reported success with early resolution programs. All bureaus are now being required to put in place formal mechanisms that allow for early resolution of complaints.

Explanation of Shortfall: OEOP had planned to put in place formal mechanisms for 10 bureaus. Plans were submitted by 13 bureaus; OEOP approved five and returned the remainder for changes needed to ensure compliance with 29 CFR 1614 regulations. OEOP has established an ADR implementation plan for FY 2001, which includes providing direct assistance to bureaus, to improve performance. OEOP is also working to ensure that an adequate number of trained "neutrals" are available to provide ADR service through the Department's "Shared Neutral" program.

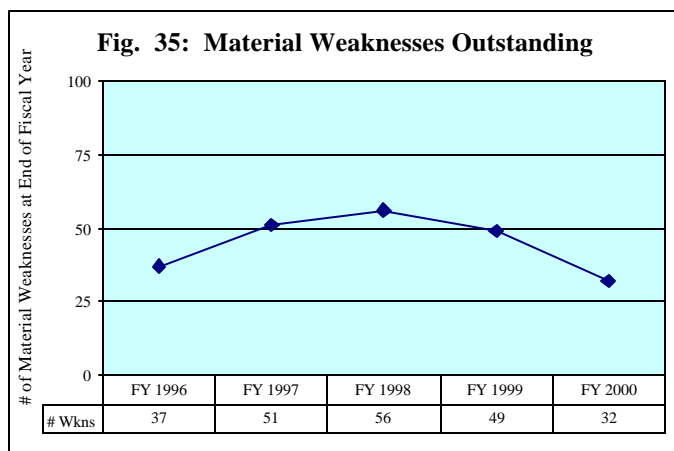
Performance Measure: Percentage of Merit Decision Cases Contracted Out to Increase the Efficiency of the Processing of EEO Complaints in the Final Agency Decision Stage of the Process

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	5%	27%
<p>Explanation of Measure: The goal is to decrease the number of processing days while a case is in final agency decision status. Due to the large number of cases received in the past two years, there is a backlog of cases, including a number that are over 180 days old. The goal is to contract out the preparation of recommendations for decisions to reduce the processing time.</p>				

Treasury Objective: Ensure Strong Financial Management of Treasury Accounts

Key Trends

Since the passage of the Chief Financial Officers (CFO) Act of 1990, Treasury has made good progress in improving management of its operating funds, the appropriations and funds that support the day-to-day operations of the Department. The continuing improvement of the quality and timeliness of the Department's financial data, and the concurrent improvement in the management of Treasury's accounts on an ongoing basis, is largely dependent on the correction of material financial systems weaknesses. (Material weaknesses are significant problems with an organization's systems' reliability; controls on waste, fraud or abuse; mission performance; and/or compliance with laws and regulations.) Therefore, one key indicator of progress in this area is the trend in the number of "material weaknesses" identified by management, the General Accounting Office (GAO) and Treasury's Inspectors General associated with the Department's management controls and financial management systems.



Between FY 1999 and FY 2000, the number of material weaknesses in the Department was reduced by as much as 46 percent, reversing an upward trend from FY 1997 and FY 1998 (see Fig. 35).

Treasury Programs

Leadership and policy guidance in the area of in-house financial management is the responsibility of the Assistant Secretary for Management and CFO (ASM/CFO). The ASM/CFO has established four key implementation strategies to improve financial management within the Department:

- *Financial Systems Strategy:* Improve the capabilities of the Financial Analysis Reporting System (FARS), while ensuring bureau compliance with all Core Financial Systems and OMB Circular A-127 Requirements.
- *Financial Management and Budget Execution Strategy:* Ensure that Treasury-wide/Corporate and Departmental Offices/Bureau Administrative Funds Control Systems/Actions are in compliance with all applicable rules/laws/regulations, while improving the financial analysis capabilities to enhance program performance/decision-making.
- *Financial Reporting Strategy:* Improve the quality and timeliness of the required audit of Treasury-wide FY 1999 financial statements, due in March 2000.
- *Internal Controls/Audit Resolution Strategy:* Strengthen the Department's Internal/Management Controls and Audit Resolution Program.

FY 2000 Key Accomplishments and Performance Results

Key Accomplishments

- **Financial Data Improvements.** The Department continued the implementation of the Financial Analysis and Reporting System (FARS) to produce its fiscal year 2000 Accountability Report. FARS consists of a data warehouse, the Treasury Information Executive Repository (TIER), and an on-line analytical processor, CFO Vision.

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The Department worked with the bureaus to improve the quality and timeliness of their financial data, both proprietary and budgetary. FARS data was submitted to the Financial Management Service (FMS) for preparation of the government-wide budget and financial statements. The use of a single source of financial data will improve the consistency of Treasury's financial data in bureau, Department and government-wide financial statements.

The Department also continued its efforts to standardize key financial data throughout the Department (i.e., the Standard General Ledger, Budget Object Codes at the 3-digit level, and Treasury Fund Symbols). Data stewards were established in each bureau to oversee data standardization in their respective bureaus. A data base was developed to maintain an inventory of these financial data elements for each bureau, which is available to all data stewards.

- **Financial Systems Improvements.** The Office of Financial Systems Integration conducted a symposium on financial management systems implementation for all Treasury bureaus. A panel of representatives from five Treasury bureaus provided an overview of their financial systems projects, along with lessons learned from these projects. Over 100 Treasury financial professionals attended this symposium.

In addition, Treasury bureaus continue to make progress in improving their financial management systems. The Bureau of Alcohol Tobacco and Firearms implemented a new Joint Financial Management Improvement Program certified core financial system in October 1999. The U.S. Customs Service has selected a new certified Enterprise Resource Planning system to replace both its core financial system as well as its legacy administrative systems.

- **Financial Statements.** For the first time, the Department submitted its Accountability Report by the March 1, 2000 statutory deadline. In addition, the number of qualifications in the auditor's report on the Department's financial statements was reduced from two to one.
- **The Financial Management Service (FMS)** received an unqualified opinion on its financial statements for FY 2000, with no reportable internal control weaknesses. This represents a significant improvement compared to FMS' previous audit. FMS took an aggressive proactive approach to resolve the deficiencies in its systems and processes that resulted in a qualified audit opinion on FMS' FY 1999 statements.
- **Internal Controls and Audit Resolution Improvements.** Revamped internal control and audit resolution programs in the Department have resulted in improvements in the performance of the Internal Revenue Service, FMS, the Office of the Comptroller of the Currency, the Office of International Affairs, and the Executive Office of Asset Forfeiture. In addition, improved guidance to Treasury bureaus in internal control and audit resolution areas has resulted in the significant reduction in material weaknesses and the resolution of audit recommendations.

Performance Results

Following is a report on the performance targets in Treasury's FY 2000 Performance Plan related to this objective:

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
14	11 (79%)	2 (14%)	1 (7%)	7 (50%)

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Departmental Offices Performance Goal: *Improve the capabilities of the Financial Analysis Reporting System (FARS), while ensuring bureau compliance with all Core Financial Systems and OMB Circular A-127 Requirements*

Performance Measure: Percent Completion of an Integration Framework/Strategy and Universal Access to TIER and ITCS Financial Management Information

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	100%	8%

Explanation of Measure: The goals of this measure is use of purchased financial reporting software package to produce reliable and timely financial statements which can undergo the scrutiny of an independent audit. Reliability is measured by the type of audit opinion received, with an unqualified audit opinion indicating that financial statements are accurate and reliable in all material aspects.

Explanation of Shortfall: The Department is utilizing FARS to produce its FY 2000 consolidated financial statements. As a result of its efforts to produce these statements, the Department was not able to web-enable TIER and CFO Vision for universal access by the bureaus. Bureaus do, however, have access to their financial statements, which are available on Treasury's Intranet web site, TreasNet.

Departmental Offices Performance Goal: *Strengthen the Department's Internal/Management Controls and Audit Resolution Program*

Performance Measure: Number of Open Material Weaknesses (Significant Management Problems Identified by GAO, the IGs and/or the Bureaus)

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	60 (Corrected)	49	45	32

Explanation of Measure: Treasury wants to reduce and eventually eliminate the material weaknesses that currently exist within Treasury, while simultaneously taking actions which will serve to avoid new material weaknesses. Material weaknesses are significant problems with an organization's systems' reliability; controls on waste, fraud or abuse; mission performance; and/or compliance with laws and regulations, identified by the General Accounting Office, Treasury's Inspectors General, and/or Treasury bureaus.

Departmental Offices Performance Goal: *Improve the quality and timeliness of the required audit of Treasury-wide FY 1999 financial statements, due in March 2000*

Performance Measure: Treasury-wide Financial Statement Delivered on Time and Receiving an Unqualified Audit Opinion

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	Qualified Opinion	Qualified Opinion; Delivered on 3/25/99	Maintain a Qualified Opinion for FY 1999; Deliver by 3/1/00	Maintained a Qualified Opinion for FY 1999; Delivered 2/29/00

Explanation of Measure: This measures the quality of Treasury's financial statements in terms of the opinion rendered as a result of an independent audit.

Explanation of Performance: The Department maintained a qualified audit opinion on its FY 1999 financial statements, and eliminated one of two items causing the qualified opinion. In addition, by delivering the Accountability Report on February 29, 2000 the Department met the statutory due date for the first time. FMS, in contrast to FY 1999, received an unqualified opinion on its financial statements, with no reportable internal control weaknesses.

Franchise Fund Performance Goal: *Ensure business activities are self-sufficient*

Performance Measure: Total Revenue Equals or Exceeds Total Expenses – Consolidated Fund*

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	Greater than break even	Greater than break even	Equal to or greater than break even	Greater than break even

Explanation of Measure: This measure reflects whether revenues exceed or are equal to expenses – a condition of self-sufficiency. Operations are intended to be supported exclusively through the revenue generated by the delivery of services. If a provider cannot adequately assess its costs such that the revenue generated is adequate to cover its expenses, then that provider will not survive in the marketplace.

* Note: The Consolidated Fund for this account includes seven former Cooperative Administrative Support Units now operating as independent Treasury Franchise Business Activities, the Bureau of the Public Debt Administrative Resource Center, the Center for Applied Financial Management, the Federal Quality Institute, and the Inspector General Auditor Training Institute.

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Performance Measure: Current Ratio – Consolidated Fund

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	1.3	1.4	1.5	1.2

Explanation of Measure: The ratio represents the number of times current assets will pay current liabilities. The ratio should be at least one. A ratio of less than one indicate more current liabilities than current assets, which is not good. A ratio of two indicates twice as many current assets as current liabilities, which is preferable.

Explanation of Shortfall: The fund had a stretch goal for FY 2000 (at 1.5), but has subsequently determined that is unrealistic in their business environment, and that a 1.2 is a more appropriate target in the future.

Performance Measure: Results of Annual Audit – Consolidated Fund

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

Explanation of Measure: This measures the quality of the Fund's financial statements in terms of the opinion rendered as a result of an independent audit. Audits of Franchise Fund Activities and systems are an important management tool. These audits can indicate management strengths and can also identify opportunities for improvement. For FY 1999, there were no reportable deficiencies related to the financial statements, internal controls or applicable laws and regulations.

Franchise Fund Performance Goal: Ensure business activities are self-sufficient

Performance Measure: Percent Change in Total Sales from Prior Year – Consolidated Fund

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	109% (Corrected)	72%	12%	20%

Explanation of Measure: Growth in sales volume is one indicator that reflects both market demand and customer satisfaction with our products and services. Growth may reflect choices made by consumers based on cost, quality and added value. This measure is derived by subtracting total revenue for FY 1998 from total revenue for FY 1999 and dividing the difference by the total amount for FY 1998.

Performance Measure: Percent Change in Customers Serviced from Prior Year – Consolidated Fund

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	81%	1%	10%	57%

Explanation of Measure: This measure indicates growth/decline over the prior year and is calculated by using customers serviced (current year)/customers serviced (prior year). Customer growth is one indicator that reflects both market demand and customer satisfaction with our products and services. Growth may reflect choices made by consumers based on cost, quality and added value.

Franchise Fund Performance Goal: Ensure compliance with legal and regulatory requirements

Performance Measure: Number of Management Control Deficiencies Identified – Consolidated Fund

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	Two Deficiencies (Corrected)	No Deficiencies	No Deficiencies	No Deficiencies

Explanation of Measure: Audits of Franchise Fund Activities and systems are an important management tool. These audits can indicate management strengths and can also identify opportunities for improvement. For FY 1999 there were no reportable deficiencies related to the financial statements, internal controls or applicable laws and regulations.

Performance Measure: Results of Annual Audit – Consolidated Fund – PREVIOUSLY REPORTED

Department of the Treasury – FY 2000 Program Performance Report

Franchise Fund Performance Goal: Ensure competitiveness

Performance Measure: Percentage of Program Participation that is Voluntary – Consolidated Fund

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	100%	100%	100%	100%

Explanation of Measure: This measure indicates the extent to which customers have the freedom to choose services from the Franchise Fund or other providers. Customers are permitted to exit and go elsewhere for services after appropriate notification to the service provider and be permitted to choose other providers to obtain needed services.

Performance Measure: Percent Change in Total Sales from Prior Year – Consolidated Fund – PREVIOUSLY REPORTED

Performance Measure: Results of Annual Audit – Consolidated Fund -- PREVIOUSLY REPORTED

Office of the Comptroller of the Currency Performance Goal:

I. Develop rigorous and credible processes for budget development and execution, transaction processing, and financial management reporting, and complete the Procurement and installation of a Federal Financial Management Improvement Act (FFMIA) – compliant financial system to begin operations on January 1, 2001.

II. Strengthen financial management practices and internal controls at all levels of OCC to eliminate all material weaknesses, assure full compliance with the Federal Managers Financial Integrity Act (FMFIA) requirements, and demonstrate OCC's adherence to the same high standards of management rigor and integrity required of National banks.

III. Ensure that technology investments are selected for strategic advantage, cost-effectiveness, and overall benefits to the agency.

Performance Measure: Install a Compliant Financial System in Year 2001

CY 1997 Performance	CY 1998 Performance	CY 1999 Performance	CY 2000	
			Target	Performance
--	--	--	Complete procurement of the financial system	Procurement Completed

Explanation of Measure: Financial Management is in need of a financial system that is compliant with published Generally Accepted Accounting Principles .

Explanation of Performance: System procurement was completed in December, 2000.

Performance Measure: Receive an Unqualified Audit Opinion with No Material Weaknesses and a Statement of Full Compliance with FMFIA from the 2000 Audit

CY 1997 Performance	CY 1998 Performance	CY 1999 Performance	CY 2000	
			Target	Performance
--	--	--	Unqualified opinion	Data Not Available
<p>Explanation of Measure: An unqualified opinion is received with no material weaknesses and compliance with FMFIA.</p> <p>Explanation of Performance: Audit is currently in progress. Opinion is expected in Spring 2001 and FY 2000 results will be reported in Treasury's FY 2001 Performance Report.</p>				
Performance Measure: Percentage of Time OCC Data Are Available (Server Availability)				
CY 1997 Performance	CY 1998 Performance	CY 1999 Performance	CY 2000	
			Target	Performance
--	--	--	99.5%	99.8%
<p>Explanation of Measure: This measure indicates the amount of time the OCC server is operational.</p>				

Bureau of Engraving and Printing Performance Goal: Continue to provide reliable and timely financial information for executives and program managers

Performance Measure: Unqualified Annual Financial Statement Audit Opinion

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion
<p>Explanation of Measure: This measure represents an assessment by an independent, certified public accounting firm of the integrity of the Bureau's revolving fund and the reliability of financial data used for managerial decision making.</p>				

Treasury Objective: Make Wise Capital Investments and Effectively Manage Treasury's Assets

Key Trends

Treasury's capital investment portfolio for FY 2000 consisted of over 150 major projects with an estimated value of \$4.4 billion. Based upon the tenets of the Clinger-Cohen Act, Treasury aims to broadly measure results for this objective by tracking the percentage of new information technology (IT) capital investments that are implemented within costs and on schedule, and that meet their performance goals. Success will be measured as well for new non-IT capital investments that adhere to these goals as well as to the basic principles of asset management.

Treasury Programs

Treasury's Capital Investment Review Board (CIRB), chaired by the Assistant Secretary for Management and Chief Financial Officer (with support from the Chief Information Officer for IT projects and the Chief Asset Management Officer for non-IT projects) monitors and reviews Treasury's critical capital assets. The CIRB reviews these capital investments in the context of the Department's business priorities and performance goals. During FY 2000, the CIRB focused on Department-wide IT systems such as telecommunications, and critical systems that support a single mission area in multiple organizational components such as the Treasury Wireless Program. Critical bureau IT systems and non-IT initiatives, such as Customs Modernization and the FLETC Master Construction Plan, were also reviewed.

FY 2000 Key Accomplishments and Performance Results

Key Accomplishments

- The CIRB approved nine capital investments (three IT and six non-IT).
- The Department successfully managed the Treasury-wide Y2K effort.
- Treasury implemented use of the Information Technology Investment Portfolio System (I-TIPS) across the Department and the bureaus as part of their Capital Planning activities. I-TIPS was also used to electronically submit required reports to OMB. By re-designing its investment management process and aiding that new process with automated tools like I-TIPS, Treasury intends to achieve the purposes of capital planning and management: align investments with the Treasury business missions, develop a repeatable investment management process, and manage initiatives.
- Treasury successfully developed the Motor Vehicle Management System for the Department, one of the newly-centralized systems to effectively manage fleet assets. Using this system, the Department will fully apply asset management life-cycle principles to the acquisition, inventory, operations, maintenance, and disposal activities. This will enhance the investment review process, and serve as the precursor to the budgetary process.
- Treasury prepared several guiding documents, including the first Department-wide IT Strategic Plan, the Information Technology Manual, the Information System Life Cycle Manual, and the Treasury Enterprise Architecture Framework.

Performance Results

Following is a report on the performance targets in Treasury's FY 2000 Performance Plan related to this objective:

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
1	0	1 (100%)	0	0

Departmental Offices Performance Goal: Ensure IT investments improve program performance and facilitate mission goals

Performance Measure: Percentage of New IT Capital Investments that are Within Costs, On Schedule, and Meeting Performance Targets (using I-TIPS system to track data)

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	Established Baseline	100%	Unmet (Data not available)

Explanation of Measure: Under the Clinger-Cohen Act, new IT investments must be selected, controlled, and evaluated using appropriate investment criteria established by the Treasury Capital Investment Review Board. Treasury's system for tracking these criteria is the Information Technology Investment Portfolio System (I-TIPS).

Explanation of Shortfall:

Bureau IT Initiatives: Although all Treasury bureaus have entered FY 2002 IT budget initiative data into I-TIPS, most of the initiatives did not provide cost, schedule and performance data that would enable the Department to determine the percentage of initiatives that are within costs, on schedule and meeting performance targets. As a result, there are not sufficient data to determine this performance measure.

CIRB IT initiatives: The Treasury CIRB is monitoring approved projects every six months; however, adequate cost, schedule and performance data have not been entered in I-TIPS in order to calculate this performance measure. Using business cases and other data outside of I-TIPS, the CIRB has approved nine investments, three of which are IT. Of the nine approved, five are on cost, schedule and performance, one has been put on hold by the responsible bureau. Monitoring of the remaining three has not occurred since the approvals were only recently issued.

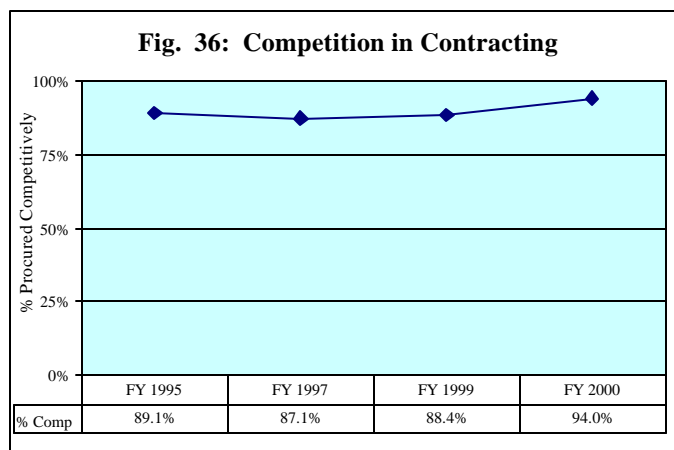
Corrective Actions: Our corrective actions include:

- CIRB -- having the CIRB re-enforce the need for initiatives to provide information to I-TIPS.
- Bureaus -- As necessary, the Department will provide additional high-level guidance and training for bureau representatives.

Treasury Objective: Procure Quality Goods and Services at a Fair and Reasonable Price and In a Timely Manner

Key Trends

Treasury has continued to measure the effectiveness of its procurement processes through the use of the Competition in Contracting Act (CICA) Program and the Treasury Acquisition Management Program Assistance Program, which monitors the overall quality of Treasury's procurement process, including the Procurement Measurement Assessment Tool (PMAT) Program. Treasury encourages the use of competition through the aggressive implementation of its CICA Program, measuring the extent of competition by comparing the dollar value of products and services procured competitively to those not competed. Over the previous five years period, Treasury has averaged a competition rate of approximately 88%. In FY 2000, Treasury attained a competition rate of 94% (see Fig. 36). Treasury's competition rates are still well above the Government average of 64% and exceed the Government's goal of 75% for FY 2001.



PMAT provides quantitative assessments for 11 different aspects of procurement management, including procurement timeliness, quality, and cost avoidance; procurement data is obtained from the Treasury bureaus on odd-numbered fiscal years. In FY 2000, Treasury completely redefined the cost avoidance measure to include only those costs that were procurement-influenced as a result of the negotiation process. Treasury has established its new cost avoidance baseline from the FY 2000 data recorded in the Treasury Acquisition Data System.

As Treasury progresses into the 21st Century, the demands on the acquisition professional will become greater. The acquisition professional of the future will be required to have knowledge in all facts of business, including program management, budget/finance, and information technology in order to meet the changing requirements and customer expectations. Adequately skilled and motivated professionals, supplied with accurate and timely information, are needed if future acquisition processes are to succeed. The procurement professional will be relied upon to understand the technology being obtained and its impact on the overall Treasury mission. In order to meet these challenges, Treasury acquisition professionals will require more procurement and technology training, additional technological enhancements, and continued improvements to the workplace.

Treasury Programs

The Assistant Secretary for Management and Chief Financial Officer (through the Deputy Chief Financial Officer) has primary responsibility for this objective, and provides direction on all Treasury procurement-related activities.

Treasury is committed to documenting and maintaining strategic performance measures. Treasury's PMAT will continue to evolve as a tool for gaining insights into and making judgements about the procurement organization and the effectiveness and efficiency of its programs, people and processes. Starting in FY 2001, Treasury will participate in the Procurement Executives Council's Government-wide Acquisition Performance Measurement Program. This Program is designed to "document and maintain a strategic performance measurement and management framework to advance the acquisition community's progress towards reaching the vision for the Federal Acquisition System – to deliver on a timely basis the best value product or service to the customer, while maintaining the public's trust and fulfilling the public policy objective."

FY 2000 Key Accomplishments and Performance Results**Key Accomplishments**

During FY 2000, Treasury:

- Established and implemented several electronic commerce initiatives, including the Treasury Acquisition Data System that submits contract reports to the Federal Procurement Data System, the use of the General Services Administration's Federal Business Opportunities website for publication of contracting opportunities and solicitation issuance, and a pilot test program for Central Contractor Registration use by Treasury bureaus;
- Continued to monitor and enhance Treasury's Purchase Card Program. Treasury issued over 529,000 transactions during FY 2000, totaling over \$157.4M. The use of purchase cards resulted in a cost avoidance of over \$34 million;
- Implemented the FAIR Act Program (OMB Circular A-76) at Treasury, and established the FAIR Act Working Group with bureau representation and challenge and appeals process procedures for the Department;
- Educated both the procurement and technical communities on the use of performance-based contracting (PBC), the use of which significantly increased within the Department during FY 2000;
- Implemented an effective Acquisition Management Assistance Review (AMAR) Program that assessed business practices and procurement operations at several bureaus. Treasury's Office of Procurement continues to monitor the successful implementation of the recommendations made by the AMAR teams and the overall quality of Treasury's procurement system;
- Established a Department-wide senior-level information technology procurement working shares best practices, industry perspectives, and guidance on efficient and innovative procurement techniques. The group established liaisons with other Federal agencies and with private industry; and,
- Developed a Department-wide employee rotational program to provide additional developmental opportunities to mid-level personnel.

Performance Results

Following is a report on the performance targets in Treasury's FY 2000 Performance Plan related to this objective:

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
4	4 (100%)	0	0	0

Department of the Treasury – FY 2000 Program Performance Report

Departmental Offices Performance Goal: Establish a certification program for procurement professionals in compliance with the Clinger–Cohen legislation

Performance Measure: Percentage of Procurement Personnel Who are Certified

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	75%	80%

Explanation of Measure: Through the Clinger-Cohen Act, Congress established Government-wide education, training and experience requirements for procurement professionals. This measures Treasury's level of compliance with the new certification requirements.

Departmental Offices Performance Goal: Implement a new performance evaluation model to improve acquisition practices

Performance Measure: Cost Avoided through Improved Acquisition Practices

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	Procurement Instructional Memo (PIM) No. 99-13 Sent to Bureaus 10/1/99	Establish Baseline and Implement PIM	Baseline: \$2.5 M PIM No. 99-13 was implemented

Explanation of Measure: This is a measure of costs avoided as a result of procurement-influenced actions. Cost avoidance will be realized through improved acquisition processes and captured in an automated system for all bureau procurement systems. Standardized formulas for sole source, only two offers, more than two offers, and new acquisition methods will be delineated.

Explanation of Performance: Completed. In FY 2000, Treasury implemented Procurement Instructional Memo (PIM) 99-13, "Cost Savings Addition to Individual Contract Action Reports." This PIM provided guidance on the calculation and reporting of cost avoidance obtained through competition and/or negotiation of Treasury contracts. In addition Treasury modified the Treasury Acquisition Data System (TADS) to allow for the input of these cost savings. TADS results allowed Treasury to establish a baseline of \$2,500,000 for future cost avoidance comparisons.

Department of the Treasury – FY 2000 Program Performance Report

Departmental Offices -- Treasury Building(s) & Annex Repair & Restoration Performance Goal: By the end of the Building Modernization and Renovation Project, DO will 1) provide safety for DO employees, equipment, and information; 2) comply with building codes, regulations, and the Americans with Disabilities Act; and, 3) prevent deterioration of the Main Treasury Building

Performance Measure: Complete Designs for the Construction Phase of the Building Modernization and Renovation Project

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	Complete Designs	Designs Completed

Explanation of Measure: This measure assesses whether designs for the construction phase of Treasury Building's Modernization and Renovation project were completed to provide basis for timely construction of award.

Performance Measure: Award Interior Construction Contract for the Renovation of the Main Treasury Building

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	Award Contract	Contract Awarded

Explanation of Measure: This measure assesses whether a contract was awarded for the interior construction portion of the renovations to the Main Treasury Building to ensure completion of construction within time and budgets.

Treasury Objective: Ensure Continuity of Treasury Operations**Key Trends**

Treasury is faced with the major challenge of building a 21st century security organization that increasingly requires the integration of all security disciplines (i.e., information systems security, industrial and personnel security, physical security, emergency management, operations security, etc.).

Over the course of the last decade, security requirements have risen and budgets have fallen. The end of the Cold War, emergence of e-commerce, and the importance of safeguarding information and infrastructure critical to the nation's national and economic security posture have spurred our adversaries and competitors to improve on old methods and develop new methods for penetrating America's national and economic security and potentially disrupting Treasury operations. For example, a recent survey by the Computer Security Institute and the San Francisco Federal Bureau of Investigation's Computer Intrusion Squad, reported that ninety percent of survey respondents detected cyber attacks over the prior year, and of these, 273 organizations reported \$265,589,940 in financial losses. The potential threat to Treasury's financial and operational systems from physical and cyber-terrorism require a multi-faceted approach to Department-wide security issues.

Treasury Programs

The Assistant Secretary for Management and Chief Financial Officer (through the Deputy Assistant Secretary for Information Systems and Chief Information Officer) has primary responsibility for this objective. Treasury consolidated its Offices of Security and Critical Infrastructure Protection and Information Systems Security under this office with the mission to reduce the risks to all Treasury employees, information, systems, and facilities posed by the full spectrum of threats, and to assure the availability of critical infrastructures in times of peace, crisis, disaster or war. A "Plan of Action" to significantly strengthen Treasury's security posture over the next 12-18 months, and a five-year "Strategic Plan" identifying the goals, objectives, strategies and measures of performance for a new unified, comprehensive security program will soon be completed.

FY 2000 Key Accomplishments

Over the past fiscal year, Treasury's security forces accomplished the following:

- Successfully supported the Treasury-wide Y2K effort;
- Developed Continuity of Operations Plans for all Departmental Offices organizations and cyber systems;
- Identified Treasury cyber and non-cyber Critical Infrastructure Assets in support of Presidential Decision Directive 63;
- Strengthened Electronic Data Processing general controls, most notably at the Internal Revenue Service, the U.S. Customs Service, and the Financial Management Service;
- Participated in the development of the Federal Chief Information Officers' Council Information Security Assessment Framework, issued in November, 2000;
- Participated in the development of the National Institute of Standards and Technology Information Security Assessment checklist for Federal agency use in assessing internal information security programs;
- Continued implementation of Treasury's Emergency Management program;
- Reinvigorated Treasury's Terrorism Advisory and Insider Threat Working Groups;
- Revised the Treasury Security Manual regarding information systems security compliance;

- Developed an information technology security architecture, which will provide a blueprint for Department-wide guidance; and,
- Developed and began implementing a two-year plan to improve the effectiveness of the Department's security programs.

There were no associated performance measures for the objective during FY 2000.

Treasury Objective: Strengthen Treasury's Ability to Ensure Proper and Effective Oversight of Bureau Operations

Key Trends

Effective oversight of Treasury bureau programs and operations is key to the effective management of Treasury's resources and prudent stewardship. From a Treasury-wide standpoint, one indicator of effectiveness is the extent to which its bureaus are meeting their performance targets. The trend in this area has been slightly positive, with bureaus meeting or exceeding 196 (almost 60%) of the 340 performance. In addition, Treasury improved performance for 154 (two-fifths) of its FY 2000 measures above FY 1999 levels.

Treasury Programs

Several offices contribute to the accomplishment of this objective. The Under Secretaries for Enforcement and Domestic Finance and the Fiscal Assistant Secretary provide direction and oversight of the enforcement and fiscal bureaus, respectively. The Assistant Secretary for Management and Chief Financial Officer oversees the strategic management (planning, budgeting, accounting and reporting) functions of the entire Department. The Office of the Inspector General (OIG) and the Treasury Inspector General for Tax Administration (TIGTA) conducts audits and investigations related to the Department's programs and operations, with TIGTA responsible for the oversight of the Internal Revenue Service's activities.

FY 2000 Performance Results

Following is a report on the performance targets in Treasury's FY 2000 Performance Plan related to this objective:

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
16	8 (50%)	7 (44%)	1 (6%)	7 (44%)

Departmental Offices Performance Goal: Effective oversight of law enforcement bureaus

Performance Measure: Percentage of All Performance Targets Met by Enforcement Bureaus and Major Offices (USCS, ATF, USSS, FLETC, FinCEN, TFF)

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	64%	90%	77%

Explanation of Measure: The Under Secretary for Enforcement has direct oversight for the Treasury law enforcement bureaus and works to assure their goals and measures are in conformance with policy. This measure reflects the success of this oversight.

Explanation of Shortfall: Enforcement bureaus' unmet performance measures were the result of a number of factors. For example:

- ATF did not achieve its planned reduction in regulatory burden due to increased workload. Based on unforeseen changes in the laws and regulation, ATF was unable to meet their planned target. An example of the unforeseen change impacting the goal occurred when Section 9302(j), of the Balanced Budget Act of 1997, which called for a floor stocks tax on cigarettes held for sale January 1, 2000. The requirement to make a record of physical inventories or a record inventory with appropriate source documentation, resulted in an increase in burden hours of 1.5 million.
- Customs did not achieve their planned target for seizures of drugs. Although substantial seizures were made during the fiscal year, Customs combated sophisticated smuggling techniques and innovative changes in methods of concealment of drugs. Customs did not achieve their target for number of seizures for outbound licensing violations. The reduction in the number of seizures can be attributed to limited resources and a continued decrease in the licensing requirements for the Department of Commerce. Because of the expected normalization of diplomatic relations with a number of sanctioned nations, the trend of decreased licensing violations is expected to continue.
- The target for number of Tactical Cases completed within FinCEN was not met. FinCEN continues to expand the number of Federal users with access to BSA information through the Gateway Program, fewer routine cases will be handled by FinCEN analysts. The plan is for FinCEN analysts to handle primarily the more complex, high-profile cases to make the most effective use of our limited staff. In the area of monetary instruments, plan projections were based on the success of a major operation. With the operation now complete, the end of year projection was not achieved.

Department of the Treasury – FY 2000 Program Performance Report

Departmental Offices Performance Goal: *Develop and implement policies to facilitate achievement of strategic goals in Treasury's Enforcement mission*

Performance Measure: Progress Toward Achieving Treasury's Enforcement Goals

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	Qualitative Progress	See Below

Explanation of Measure: This measure tracks efforts toward achieving Treasury's law enforcement strategic goals during FY 2000.

Explanation of Actuals: In FY 2000, The Office of Enforcement (OE) provided critical support and leadership in achieving Treasury's enforcement goals in the following areas:

National Money Laundering Strategy. During FY 2000, OE drafted and issued a National Money Laundering Strategy (NMLS) and contributed to the attainment of several prominent goals of the NMLS. Among these was the publication of a list of 15 jurisdictions with serious deficiencies in their anti-money laundering regimes. OE also continued work on rules for suspicious activity reporting for non-depository financial institutions.

Black Market Peso Exchange (BMPE). The Deputy Secretary co-chaired a meeting of senior corporate officers of major U.S. companies to explain the BMPE, outline current efforts to combat it, and solicit suggestions on additional measures. In addition, the Under Secretary for Enforcement and senior government officials from Aruba, Colombia, and Panama signed the BMPE Working Group Directive, which established a working group that will recommend concrete actions that can be taken by the participating governments to detect, deter, and prosecute BMPE money laundering.

Enhanced Use of the Regulatory Process and Partnership with Industry to Prevent, Deter and Detect Financial and Trade Crimes. OE developed a strategy for simplifying and standardizing Customs Service electronic reporting of data. OE also lead Treasury's efforts in simplifying North American Free Trade Agreement (NAFTA) rules of origin and ensured smooth operation of NAFTA rules of origin and Customs procedures.

National Integrated Firearms Reduction Strategy. OE worked with the Bureau of Alcohol, Tobacco, and Firearms (ATF), and the Department of Justice to develop the National Integrated Firearms Reduction Strategy in an effort to present a comprehensive plan to further reduce gun crime and violence.

Youth Crime Gun Interdiction Initiative (YCGII). YCGII was established in July 1996 to reduce illegal access to firearms, especially by juveniles and youth. YCGII began with law enforcement partnerships in 17 jurisdictions, increased to 27 in FY 1999, and to 38 in FY 2000.

Narcotics Seizures. Narcotics (cocaine, marijuana, and heroin) seizures along the South West border during FY 2000 (October 1999 to September 2000) were 11.4% over FY 1999.

Enhanced Counter-Terrorism Position. OE was instrumental in securing a counter-terrorism budget amendment that amounted to over \$77 million. The funds will be used to harden the northern border, add a new National Terrorist Asset Tracking Center, and hire additional staff to prevent and investigate terrorist activities.

Departmental Offices Performance Goal: *Effective oversight of the Bureau of Public Debt (BPD), Community Development Financial Institutions (CDFI) Fund, and Financial Management Service (FMS)*

Performance Measure: Percentage of Performance Targets met by BPD, CDFI, and FMS

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	73%	90%	83%

Explanation of Measure: The Under Secretary for Domestic Finance has direct oversight over the CDFI Fund. The Fiscal Assistant Secretary has direct oversight over BPD and FMS. Success in this measure is predicated upon success by the bureaus in meeting their published performance measures.

Explanation of Shortfall: Although four of fifteen targets were not met in FMS, and two of eleven in CDFI, BPD met 100% of its targets. These results yielded a composite actual performance of 83%, which is a significant increase from the 73% composite score in 1999.

Inspector General Performance Goal: *Increase the percentage of OIG recommendations accepted and implemented by Departmental and bureau managers*

Performance Measure: Percentage of OIG Recommendations Accepted by Departmental and Bureau Managers

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	95%	95%	95%

Explanation of Measure: This measure tracks the acceptance rate by Departmental and bureau managers of OIG recommendations included in the reports issued in the current fiscal year.

Performance Measure: Percentage of OIG Recommendations Implemented within Twelve Months of Acceptance by Department and Bureau Managers

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	79%	72%	67%

Explanation of Measure: This measure reflects whether OIG recommendations were implemented by bureau managers in a timely manner.

Explanation of Shortfall: The number of reports and recommendations related to Automated Data Processing control weaknesses, including security weaknesses, generally take longer to fix than other recommendations.

Department of the Treasury – FY 2000 Program Performance Report

Inspector General Performance Goal: Increase the potential dollar savings that can be realized from Departmental and bureau management's implementation of OIG audit recommendations

Performance Measure: Amount of Potential Dollar Savings Identified from OIG Audit Recommendations

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
\$60,902,000	\$83,447,500	\$82,993,000	\$46,000,000	\$60,912,617

Explanation of Measure: This measure reflects the potential dollar savings that can be realized from Departmental and bureau management implementation of OIG audit recommendations.

Inspector General Performance Goal: Enhance the impact of OIG audit activity by increasing the amount of available resources directed at areas of high priority and key areas consistent with Department and bureau strategic initiatives

Performance Measure: Percentage of Available Resources Addressing High-Priority Departmental and Bureau Issues

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
74%	82%	85%	85%	93%

Explanation of Measure: This measure reflects OIG efforts to ensure that audit resources are directed at high-priority areas consistent with Department and bureau strategic plans, as well as high-risk areas and material weaknesses identified by the Department.

Inspector General Performance Goal: Provide efficient and effective investigative services in response to allegations of fraud, waste, and abuse

Performance Measure: Percentage of Investigations Completed within Twelve Months

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
51%	23%	62%	75%	75%

Explanation of Measure: This measures the timeliness of OIG investigations and is calculated based on the date a case is opened to the date the OIG issues a final Report of Investigation.

Inspector General Performance Goal: *Conduct objective investigations that result in actions appropriate to the investigative findings*

Performance Measure: Percent of Cases Accepted for Adjudication that Result in Enforcement Actions (i.e., Criminal, Civil, or Administrative Actions)

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	60%	25%

Explanation of Measure: This measure tracks the cases accepted by the Department of Justice for criminal prosecution or civil settlement, or by Treasury officials for administrative action, that result in some type of enforcement action. The measure reports cases resulting in enforcement actions as an overall percentage, and reflects the quality of the OIG investigative process.

Explanation of Shortfall: Several investigations did not receive responses from either the respective agency or the appropriate judicial system in time to have them included in these statistics.

Performance Measure: Investigative Monetary Benefits

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
\$1,008,420	\$209,455	\$707,633	\$350,000	\$242,525

Explanation of Measure: This measure reflects the total amount of monetary benefits resulting from OIG investigations.

Explanation of Shortfall: Settlement agreements were not concluded in some investigations that would have been included in these statistics. Negotiations between the U.S. Attorneys' offices and subjects involved are still pending.

Department of the Treasury – FY 2000 Program Performance Report

Inspector General for Tax Administration Performance Goal: *Increase the potential monetary benefits expected from IRS's corrective actions to audit recommendations*

Performance Measure: Potential Monetary Benefits Resulting from Corrective Actions to Audit Recommendations (in millions)

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	\$192.0	\$102.0	\$117.1

Explanation of Measure: Potential monetary benefits are the total questioned costs and funds that could be put to better use identified in audit reports issued in a fiscal year. The term "questioned cost" means a cost that is questioned because of: (1) an alleged violation of a provision of a law, regulation, contract, or other requirement governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation ("unsupported cost"); or (3) a finding that expenditure of funds for the intended purpose is unnecessary or unreasonable. Questioned costs also include "disallowed costs," which means a cost that management has sustained or agreed should not be charged to the Government. The term "funds put to better use" means funds that could be used more efficiently and effectively if management took actions to implement and complete an audit recommendation(s).

Inspector General for Tax Administration Performance Goal: *Increase the number of taxpaying entities for whom rights and entitlements are protected, taxpayer burden is reduced, or privacy and security over sensitive taxpayer information is improved as a result of the audit recommendations*

Performance Measure: Number of Taxpaying Entities Impacted by Audit Recommendations that Protect Rights and Entitlements, Reduce Taxpayer Burden or Improve Privacy and Security (in millions)

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	9.1 (Corrected Actual)	10.2	11.3

Explanation of Measure: Total number of taxpaying entities for whom rights and entitlements are protected, taxpayer burden is reduced or privacy and security over sensitive taxpayer data is improved because of audit recommendations made in audit reports issued during a fiscal year. The term "protect rights and entitlements" refers to the protection of due process (rights) granted to taxpayers by law, regulation, or IRS policies and procedures. The term "taxpayer burden" refers to the time saved by individuals or businesses in contacts, record keeping or preparation to comply with tax laws, regulations and IRS policies and procedures. The term "improved privacy and security" refers to the protection of taxpayer financial and account information (privacy) and the protection of tax-related processes, systems and programs (security).

Inspector General for Tax Administration Performance Goal: *Maintain the percentage of audit recommendations agreed to by management*

Performance Measure: Percentage of Audit Recommendations Agreed to by IRS Management

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	95%	90%	89%

Explanation of Measure: The percentage is computed by dividing the total number of audit recommendations agreed to by IRS management in a fiscal year by the total number of audit recommendations made in a fiscal year.

Explanation of Shortfall: Since becoming an Inspector General Office, there has been an increase in both the number and the impact of TIGTA's audit recommendations. As a result, IRS management has taken a greater interest and, in some instances, taken issue with the audit recommendations made. This has contributed to an increase in the number of recommendations disagreed to by IRS management. With the increase in the number of audit reports issued by TIGTA and the General Accounting Office, the IRS has indicated it has neither the resources nor capacity to address all the audit recommendations it receives. TIGTA management does not believe that the level of disagreement is an adverse reflection of the quality of the audit recommendations. Regardless of the level of disagreement, TIGTA management believes it is important to maintain a high level goal and will continue to make recommendations that it feels are pertinent to the issues identified in its audit reports.

Inspector General for Tax Administration Performance Goal: *Increase the percentage of IRS employees attending awareness/integrity briefings*

Performance Measure: Percentage of IRS employees attending integrity awareness briefings

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	36%	38%	47%

Explanation of Measure: The percentage is computed by dividing the number of IRS employees attending TIGTA awareness/integrity briefings in a fiscal year by the average number of permanent IRS employees on rolls during the fiscal year.

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Inspector General for Tax Administration Performance Goal: *Maintain the percentage of criminal investigative reports that are referred to the U.S. Attorney, state or local authorities for prosecution within one year of case initiation*

Performance Measure: Percentage of Investigations Referred to the U.S. Attorney, State or Local Authorities for Prosecution Within One Year of Case Initiation

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	80%	80%	85%

Explanation of Measure: The percentage is computed by dividing the number of criminal investigations referred during the fiscal year within one year of initiation by the total number of criminal investigations referred during the fiscal year. Criminal investigations are referred to the Assistant U.S. Attorney, state or local authorities.

Inspector General for Tax Administration Performance Goal: *Increase the percentage of misconduct (non-criminal) investigative reports that are referred to management for administrative adjudication within four months of case initiation*

Performance Measure: Percentage of Investigations Referred to Management for Administrative Adjudication Within Four Months of Case Initiation

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	51%	60%	48%

Explanation of Measure: The percentage is computed by dividing the number of misconduct cases referred to management during the fiscal year within four months of initiation by the total number of misconduct cases referred during the fiscal year. Misconduct investigations involve an IRS or TIGTA employee.

Explanation of Shortfall: TIGTA established its FY 2000 goal at a reasonable first year target for referring misconduct cases for administrative adjudication. TIGTA management believes it was important to ensure its investigative resources were focused on timely referrals even though there were a substantial number of cases that were already overaged when this goal was established. TIGTA was committed to working its overaged inventory, some of which were cases initiated prior to TIGTA's inception, and this adversely impacted being able to achieve the goal. For example, over one third of the investigations referred during FY 2000 involved cases that were initiated prior to establishing the goal. TIGTA achieved a 67% referral rate within four months of initiation for cases initiated after 9/30/99, which exceeded the established goal. Although TIGTA did not achieve its first year target, establishing the goal at this level of performance served to communicate its firm commitment to delivering timely investigative services to its staff, customers and stakeholders.

GOAL: IMPROVE CUSTOMER SATISFACTION

Treasury is a very diverse organization that has many different customers -- the American taxpayer, the trade industry, the Federal Reserve and other Federal agencies, investors, and State and local governments. A key element in delivering quality services to the public is to regularly define customer expectations and to develop specific standards based on those expectations. In addition, performance against those expectations should be measured on a regular basis, should be reported back to the public, and feedback information should be used to continuously modify goals and objectives.

Benefits to the American Public: As Treasury strives for excellence and efficiency in performance, it seeks to deliver quality products and services to all its stakeholders and customers.

Treasury Programs

Treasury has made customer satisfaction improvement a Department-wide objective, and leads this effort through the Assistant Secretary for Management and Chief Financial Officer. All bureaus have been encouraged to develop customer service standards and to regularly measure customer satisfaction.

FY 2000 Key Accomplishments and Performance Results

Key Accomplishments

Several bureaus made progress in measuring customer satisfaction of their products and services:

Internal Revenue Service (IRS). “Top Quality Service” to each Taxpayer was one of the IRS’s Strategic Goals in FY 2000. Customer surveys were continued in FY 2000, with results showing modest improvement in customer satisfaction in most areas addressed. The highest ratings were in the taxpayer assistance functions, while sensitive functions such as collection and examination also showed improvement. During the fiscal year, the Treasury Inspector General for Tax Administration (TIGTA) conducted nine audits on the IRS Customer Satisfaction Transactional Surveys. The chief concern of the audits focused on survey administration, such as the taxpayer response rates to the survey, the size and selection of sample populations, and establishing management controls over completed surveys. IRS took both programmatic and organizational actions to address the concerns stated in the TIGTA reports. IRS recently awarded a new five-year Blanket Purchase Agreement for development of a strategy identifying the best way to secure accurate and valid customer satisfaction data. As part of the process, IRS will ensure the data gathered from the Customer Satisfaction Surveys meets both internal operational needs as well as Results Act requirements.

Also during FY 2000, several pilot programs were used to test how changes in IRS business practices impact customer satisfaction. Lessons learned from these pilots will be used to develop guidelines and training on the use of customer survey data throughout the IRS.

In other customer areas:

- A record number of taxpayers accessed the award winning IRS Web Site, downloading both forms and information for use in preparing their returns.
- IRS also met or exceeded in its goal to resolve taxpayer issues on the first contact.
- IRS increased numbers and locations of the Problem Solving Day sessions at IRS sites to focus attention on resolving complex taxpayer account issues.

The Federal Law Enforcement Training Center (FLETC). The FLETC continued to improve customer satisfaction with regard to the delivery of quality training in state-of-the-art facilities, and measures the rate of satisfaction through Quality of Training and Quality of Services surveys administered to students who attend training at the FLETC facilities. In addition, the FLETC developed a Participating Organization Satisfaction Survey, which will be administered for the first time during FY 2001 to set a baseline for FLETC service.

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TIGTA. In June 2000, TIGTA issued a customer satisfaction survey to its IRS customers. All IRS senior executives and other specifically-identified managers who had received audit products since TIGTA's inception, were surveyed. TIGTA attained a 45% response rate with 62% of the respondents providing favorable feedback regarding TIGTA's products and services. Action plans were developed to address the specific concerns raised by their customers, and the survey results were shared with all TIGTA employees so they are cognizant of their customers' concerns as they conduct day-to-day activities. TIGTA is committed to improving the survey vehicle, response rates and satisfaction levels in subsequent years.

Bureau of Alcohol, Tobacco and Firearms (ATF). During FY 2000, ATF began working with the University of Michigan to conduct an initial customer satisfaction survey for one industry segment (proprietors of wineries, distilled spirits' plants, breweries, and importers of alcohol beverages). This work will continue into FY 2001, and may be expanded to other customer segments.

The U.S. Mint. The Mint's operations include providing circulating coinage to the Federal Reserve System as well as selling collectible items directly to the public. These two different operations call for two surveys that the Mint uses to gauge performance in providing customer service. The annual Federal Reserve Board (FRB) Customer Satisfaction Survey determines and tracks the satisfaction of the Federal Reserve Board with a variety of components of U.S. Mint service – namely, on on-time delivery, order accuracy, and handling of complaints, as well as knowledge, courtesy, and helpfulness of the Mint's FRB representatives. The survey has prompted the Mint and the FRB to work together to enhance communications and to jointly manage coin inventories to avert shortages. The American Customer Satisfaction Index (ACSI) allows the Mint to benchmark against private sector industries and companies, and facilitates the Mint's efforts to match the best in product quality and customer service. The Mint continues to rank comparably to satisfaction-leading industries and companies such as J.J. Heinz, Hershey Foods, Proctor & Gamble, Maytag, Whirlpool, BMW, Mercedes Benz and Buick.

Performance Results

Following is a report on the performance targets in Treasury's FY 2000 Performance Plan related to this objective:

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
21	15 (71%)	5 (24%)	1 (5%)	12 (57%)

Internal Revenue Service Performance Goal: Service to each taxpayer (Customer Satisfaction Performance Measures)

Performance Measures: Customer Satisfaction – By Functional Area	FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
				Target	Performance
Toll Free Service (4-point scale*)	--	--	3.46	3.60	3.46
Walk-In (7-point scale)	--	--	6.4	6.5	6.5
Field and Office Examination (7-point scale)	--	--	4.1	4.4	4.4
Field Collection (7-point scale)	--	--	3.9	3.9	4.6
Automated Collection System (4-point scale*)	--	--	3.4	3.4	3.4
Service Center Examination (7-point scale)	--	--	3.9	4.0	4.0
Appeals (7-point scale)	--	--	4.44	4.85	4.82
Exempt Organization Determination (7-point scale)	--	--	5.3	5.3	5.6
Exempt Plans Determination (7-point scale)	--	--	5.5	5.5	5.6
Exempt Organization Examination (7-point scale)	--	--	5.5	5.5	5.6
Exempt Plans Examination (7-point scale)	--	--	5.4	5.4	5.6
Chief Counsel Support (7-point scale)	--	--	5.7	5.7	No Data

Department of the Treasury – FY 2000 Program Performance Report

Explanation of Measure: These measure represents the customers' overall level of satisfaction with the services provided by various IRS programs. Survey recipients are asked to rate IRS performance on either a four-point or a seven-point scale, where 1 indicates *Very Dissatisfied* and a 4 or 7 indicates *Very Satisfied*

* A 4-point scale was adopted in FY 2000 to replace the 7-point scale presented in the FY 2000 Final Performance Plan. Beginning in FY 2000, IRS moved to an automated survey system for these functions. Testing revealed that a 4-point scale works better with an automated survey. FY 1999 performance, as well as the FY 2000 target, were recalculated for comparison purposes.

Explanation of Shortfalls:

Toll Free: Despite increases in many of the areas that drive customer satisfaction such as courtesy, fairness, professionalism and responsiveness, overall improvement remains static due to factors related to the customers ability to reach IRS by telephone. To improve survey results in the top-priority improvement areas (ease of getting through by phone, automated answering system and time spent on issues) the following steps were taken during FY 2000: increase staffing resources during core hours, utilization of automated services during core and non-core hours and expansion of the electronic referral capability. In addition, post-routing of calls after hours to sites in later time zones, routing of account and refund traffic to call sites in service center locations, and adjusting access to achieve an appropriate balance on all product lines were implemented. Prompting to more adequately identify caller need and selection of the most appropriate center to handle those needs was another initiative implemented to improve access to the automated systems.

Again in FY 2001 significant enhancements are planned in the toll-free area including the use of network prompting and voice recognition (scheduled for implementation in February 2001) and a more integrated work planning and control system to provide local management with more information to monitor adherence to schedules. In addition, as a result of a TIGTA audit of the toll-free customer satisfaction survey, actions will be taken in FY 2001 to ensure that the survey is administered properly and that data to report survey results are reliable, valid and verifiable and meets GPRA requirements.

Appeals: The rating of 4.82 while not at target represents approximately a 9% increase in overall customer satisfaction from the prior year. In FY 2000 the top three improvement priorities were Length of Process, Time to Hear from Appeals, and Time to Schedule a Conference. In FY 2001 Appeals will again focus on these priorities to further improve survey results as well as focusing efforts on improving survey response rates (44% for 1998 and 47% for 1999) such as exploring alternative methods of survey administration.

Chief Counsel: A survey of the internal IRS customers to determine Chief Counsel customer satisfaction was not conducted in FY 2000. The survey was postponed due to the impact of the Office of Chief Counsel restructuring and the refinement of the Chief Counsel Customer Survey methodology. The next Chief Counsel survey is tentatively scheduled for May 2001.

Federal Law Enforcement Training Center Performance Goal: Achieve 80% on Student Quality of Training survey

Performance Measure: Student Quality of Training Survey

(a) Basic Training

(b) Advanced Training

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
(a) –	80%	99%	80%	99.2%
(b) --	80%	99%	80%	99.2%

Explanation of Measure: Basic and advanced training program students are surveyed to obtain their views on the overall quality of training received.

Federal Law Enforcement Training Center Performance Goal: Achieve 80% on Student Quality of Services Survey

Performance Measure: Rating on Student Quality of Services Survey

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	99%	80%	100%

Explanation of Measure: Students in basic and advanced training programs complete surveys on the quality of administrative support services. This measure is the percentage of student ratings of basic training service quality at satisfactory or higher levels.

Inspector General for Tax Administration Performance Goal: Increase the percentage of customer and stakeholder survey respondents who indicate TIGTA's products were valuable and/or services were satisfactory

Performance Measure: Percentage of Customer Survey Respondents Who Indicate TIGTA's Products and Services are Satisfactory

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	Set Baseline	62%

Explanation of Measure: The percentage is calculated by dividing the number of respondents expressing satisfaction with TIGTA products or services by the total number of respondents. Surveys will be conducted at least annually.

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Inspector General Performance Goal: *Increase the percentage of customers and stakeholders indicating that Audit's work products and services were timely, met their needs, and improved program activities; based upon survey questionnaires, follow-up reviews, and other feedback mechanisms*

Performance Measure: Percentage of Customers Expressing Satisfaction with the Audit's Products and Services

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
85%	95%	92%	90%	92%

Explanation of Measure: This measure reflects whether audit's products and services met customer needs, and is based on customer satisfaction surveys issued on a quarterly basis.

Inspector General Performance Goal: *Provide efficient and effective investigative services in response to allegations of fraud, waste, and abuse*

Performance Measure: Percentage of Customers Indicating that Investigations' Work Products Were Timely, Met Their Needs, and Improved Treasury Program Activities

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
	82%	100%	80%	99%

Explanation of Measure: This measure reflects whether Investigation's products and services met customer needs, and is based on customer satisfaction surveys issued on a quarterly basis.

U.S. Mint Performance Goal: Produce coins and maintain inventories at sufficient levels to meet Federal Reserve Bank (FRB) requirement

Performance Measure: Federal Reserve Board Customer Satisfaction Survey

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	85%	91%	85%	83%

Explanation of Measure: This measure is used to indicate the level of customer satisfaction of one of the Mint's most important customers, the Federal Reserve Banks. The Federal Reserve's twelve district banks are surveyed annually to measure their satisfaction with the Mint's product, customer service, and delivery. In FY 1999, the survey was expanded to include the 25 member banks as well.

Explanation of Shortfall: New challenges confronted both the Mint and the FRB in FY 2000. Some of these were associated with the introduction of the new Golden Dollar, which included promotional efforts targeted at public awareness. Increases in coin shipments were necessary to meet the needs of commerce for the nation, and the increased activity resulted in more opportunities for errors. As a means of providing increased customer satisfaction with the FRB, Mint Staff communicates daily with the Cash Fiscal Product Office (CFPO) and individual FR Banks and Branches to discuss coin issues and resolve problems. The Mint has also established regularly scheduled monthly meetings with the CFPO to discuss and resolve system wide coin issues. Feedback from surveys offer other opportunities to improve FRB customer satisfaction as they work together to supply the nation's commercial institutions with the coinage needed for commerce.

Performance Measure: American Customer Satisfaction Index Score

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	86	85	84

Explanation of Measure: The American Customer Satisfaction Index (ACSI) is an indicator that measures customer satisfaction. This is a measure of the U.S. Mint's customer satisfaction rating, performed by a third party, and based on input from our customers.

Explanation of Shortfall: The lower than expected result may be due in part to order fulfillment problems experienced by some of our numismatic customers for commemorative and recurring products noted in the comments for those measures. Significant growth in the numismatic recurring products has been achieved by expanding both our customer base and our product lines. The many new customers for Mint products present new expectations along with those of our long-time customers. The Mint is currently working to implement a project that will contain costs and improve performance on customer service and order fulfillment. This project will redesign the Mint's online catalog, improve the ordering process, centralize the product-order fulfillment process, and initiate customer relationship management policies and practices.

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Franchise Fund Performance Goal: *Ensure customers are satisfied with all aspects of service provided – quality of products, delivery, price, and conduct of business*

Performance Measure: Customer Satisfaction Approval Rating – Consolidated Fund

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	91% (Corrected)	87%	91%	91%

Explanation of Measure: This measure indicates an objective level of customer satisfaction based on the results of several techniques and methodologies, including formal written surveys, complaint follow-up (written and oral), site visitations, and market research. Customer satisfaction research helps to determine the sources of competitive strengths and weaknesses. It identifies specific functional areas that need improvement and provides direction about how to improve them. In particular, customer satisfaction research helps increase customer retention and stimulate repeat purchase. Lastly, it provides an understanding of what customers think of our businesses (image) and even identify opportunities to re-position the business in the marketplace.

GOAL: IMPROVE EMPLOYEE SATISFACTION

Treasury's workforce is by far its most important asset. The need to measure employee satisfaction is based on the premise that our employees are in the best position to assist us in identifying the organizational strengths and weaknesses that either enhance or diminish their ability to do their jobs well. Treasury has established this goal to emphasize its efforts to improve the culture of the organization.

Benefits to the American Public: At its core, employee satisfaction is a measure of management effectiveness and, as such, can be viewed as an early indicator of the organization's ability to succeed in meeting its mission and providing quality products and services.

Treasury Programs

The Assistant Secretary for Management and Chief Financial Officer has primary responsibility for this objective, and coordinates with Treasury bureaus on their progress and accomplishments in this area. All bureaus have been encouraged to regularly measure employee satisfaction.

FY 2000 Key Accomplishments and Performance Results

Key Accomplishments

Internal Revenue Service (IRS). In FY 2000, over 81,000 employees voiced their opinions through "Survey 2000," with overall satisfaction results at the IRS showing a 4% increase over both the established target (59%) and FY 1999 levels. "Survey 2000" results showed many areas with significant gains of 5% or more, including "employee pride" (up 6% from 1999), and the "overall job satisfaction" of employees, which reversed its downward trend with an increase of 5% over last year. In addition, improvement in the service-wide ratings for managers can be traced back to favorable ratings given in minimizing work-related stress. Managers have committed to improving all areas through increased communications, partnerships, workgroups, and other innovative approaches. At the sub-unit level, overall results were up, with seven of the 11 sub-units surveyed showing improvement over FY 1999 levels.

Treasury Inspector General for Tax Administration (TIGTA). In September 2000, an employee satisfaction survey was issued to all TIGTA employees (administered by an outside contractor to secure the anonymity of respondents). TIGTA's target was to set a baseline for this first year. A 58% response rate was attained, with 74% of the respondents providing overall positive feedback about their work experience in TIGTA. The detailed survey results are being reviewed by TIGTA's functional executives and action plans will be developed where warranted. Additionally, the results of the surveys have been shared with all TIGTA employees. TIGTA is committed to improving the employee satisfaction survey vehicle, response rates and satisfaction levels in subsequent years.

Bureau of Engraving and Printing (BEP). In FY 2000, BEP contracted with a private sector firm to conduct an agency improvement survey at the Bureau's Washington and Fort Worth facilities. The survey was conducted of all Bureau employees to gauge their attitudes about the organization's leadership, training/career development opportunities, communication, rewards and recognition, employee involvement, diversity, security and equal opportunity. Employee participation in the survey exceeded expectation, with more than two-thirds participating. After the survey results were analyzed, focus groups were convened to obtain more detailed information about employee concerns. The results are being used to make recommendations for improvement. In addition, a baseline will be set from which to gauge future survey results.

Federal Law Enforcement Training Center (FLETC). The FLETC is working to improve Employee Satisfaction and will administer an employee satisfaction survey in FY 2001. They are providing improved human resource services through proactive consultations, automation, streamlining and elimination of unnecessary processes. Additionally, several programs were implemented to increase opportunities for individual professional and career development.

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Office of Thrift Supervision (OTS). In 2000, OTS workforce development and satisfaction efforts included piloting a professional development pilot program to offer a wide range of individually-tailored development activities that go beyond formal classroom training and enable employees to succeed in an increasingly complex environment. OTS also introduced specialty examiner tracks for post-accreditation examiner advancement in areas where OTS requires special expertise.

The U.S. Mint. In early FY 2000, the Mint, in cooperation with the Office of Personnel Management, issued a voluntary Organizational Assessment Survey (OAS) to assess and benchmark employee attitudes and opinions on a variety of subjects directly related to organizational performance. In the six years the Mint has utilized the OAS, it has been a key driver of change in the organization. Previous results have led to improvements in the Mint's customer orientation, strategic planning process, and employee development programs. The recent survey results showed an overall decline in employee's ability to balance work and family life. As a result the Mint implemented several programs aimed at assisting in this challenge, including a child-care tuition reimbursement program and lifecare.com—an online service that helps employees more effectively manage day-to-day responsibilities and life events. The Mint has scheduled the next OAS for May 2001.

Performance Results

Following is a report on the performance targets in Treasury's FY 2000 Performance Plan related to this objective:

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved
16	7 (44%)	7 (44%)	2 (12%)	7 (44%)

Internal Revenue Service Performance Goal: *Productivity Through a Quality Work Environment (Employee Satisfaction)*

Performance Measure: Employee Satisfaction (Service-wide)

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	55%	55%	59%

Explanation of Measure: This is a Service-wide measure of employee satisfaction which measures employee perceptions of the work environment, management practices, and organizational barriers that affect employees' willingness and ability to do a good job. Employees were asked to rate the IRS performance on a five-point scale, where 1 represents *strongly disagree* and 5 represents *strongly agree*. The employee satisfaction score is the percentage of favorable ratings, or ratings of 4, "Agree" or 5, "Strongly Agree" across the 12 indexes included in the survey (training, resources, empowerment/involvement, quality, management effectiveness, manager/employee relations, manager communications, manager effectiveness, performance management, respect, ethics, and summary satisfaction). This Service-wide measure aggregates results conducted in individual units of IRS, and are reported below.

Internal Revenue Service Performance Goal: Productivity Through a Quality Work Environment (Employee Satisfaction)

Performance Measure: Employee Satisfaction – By Functional Area	FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
				Target	Performance
Taxpayer Advocate Service	--	--	--	Establish Baseline	67%
Field and Office Examination	--	--	52%	53%	56%
Collection	--	--	47%	48%	53%
Tax Exempt and Government Entities	--	--	57%	57%	60%
Statistics of Income	--	--	72%	72%	76%
Chief Counsel	--	--	61%	61%	64%
Submission Processing/ EOSCO	--	--	57%	57%	55%
ACS	--	--	55.0%	60.5%	53.0%
Toll Free	--	--	55.0%	60.5%	55.0%
Service Center Examination	--	--	55.0%	60.5%	52.0%
Appeals	--	--	58%	58%	57%
Walk-in	--	--	55.0%	60.5%	59.0%

Explanation of Measure: Measure of employee perceptions of the work environment, management practices, and organizational barriers that affect employees willingness to perform effectively.

Explanation of Shortfalls:

Submission Processing/EOSCO: This score is a composite for the Executive for Service Center Operations (EOSCO). The Employee satisfaction score fell below the planned goal due primarily to uncertainty over where employees would be placed in the both the national office and service centers under the reorganization. Scores fell below the FY 1999 levels despite implementation of transition teams to assist employees within the organization. Lack of timely information being disseminated to employees around the reorganization is also suspected to be a contributing factor in spite of the efforts to alleviate employee concerns such as transition briefings, sessions by career counselors, and development of an “Ask the Director” corner on the Submission Processing home page. In FY 2001, employees from Submission Processing/EOSCO will be co-mingled within several of the new Operating Divisions and activities related to Employee Satisfaction are outlined in the FY 2001/2002 Strategy and Program plans.

ACS, Toll Free and Service Center Examination: Despite increases on every index score compared to FY 1999, performance goals were not met and the areas within the Telephone and Correspondence area lagged behind overall IRS increases. Training continues to be the number one targeted area which showed the lowest area of improvement with the highest improvement scores shown in quality, performance management and management satisfaction. Attention and activities have had an obvious impact on scores and targeting specific areas will continue in FY 2001. In FY 2001, employees from these units will be co-mingled within several of the new Operating Divisions and activities related to Employee Satisfaction are outlined in the FY 2001/2002 Strategy and Program plans.

Appeals: The slight (1%) decrease from FY 1999 is believed to be attributable to the uncertainty and anxiety related to the Appeals restructuring and the downsizing of 60 grade 14 Appeals Officers/Analysts as well as clerical positions. However, like last year, workgroup ratings are very positive and increased overall by 2%. In FY 2000, Management Effectiveness has the highest “Potential for Improvement” and will be the focus of efforts in FY 2001.

Walk-in: Survey 2000 indicates that employee satisfaction has increased from 55% to 59% as compared with Survey 99. The National Office Customer Service organization was committed to improve employee satisfaction rates during this period, as reflected by the initiatives accomplished within the FY 2000 A/C (Customer Service) Operations Plan. In FY 2001, employees from the Walk-In areas will be co-mingled within several of the new Operating Divisions and activities related to Employee Satisfaction are outlined in the FY 2001/2002 Strategy and Program plans.

Future plans to improve employee satisfaction include:

- Continued communication with employees throughout the organization from the top down through.
- Workgroup meetings will be held to list positive actions that affect division employees
- Partnerships will continue between managers and employees to address employee concerns
- New approaches to the use of survey data will continue such as appointments of workgroup spokespersons to meet with each employee, identifying topics and issues around necessary training.

***Inspector General for Tax Administration Performance Goal:** Increase the percentage of employee survey respondents who indicate the work environment and career opportunities within TIGTA are positive.*

Performance Measure: Percentage of Employee Survey Respondents Who Indicate the Work Environment Within TIGTA is Positive

FY 1997 Performance	FY 1998 Performance	FY 1999 Performance	FY 2000	
			Target	Performance
--	--	--	Set Baseline	74%

Explanation of Measure: The percentage is calculated by dividing the number of employee respondents indicating that TIGTA provides a positive work environment by the total number of employee respondents. Employee surveys will be conducted once each fiscal year and all TIGTA employees will be provided the opportunity to participate in the survey.

***Office of the Comptroller of the Currency Performance Goal:** Decide whether to change the existing compensation system and ensure a smooth implementation/ transition for any changes made; Enhance ways of delivering effective training opportunities that improve skill levels for OCC staff*

Performance Measure: Conduct Two Surveys of Business Supervision Operations (BSOP) Employees Where Results Indicate Increased Employee Satisfaction Levels

CY 1997 Performance	CY 1998 Performance	CY 1999 Performance	CY 2000	
			Target	Performance
--	--	2.58	>2.58	2.51

Explanation of Measure: Business Supervision Operations (BSOP) conducted a baseline survey in 1999. Two surveys were conducted in 2000 to gauge changes in employee satisfaction.

Explanation of Shortfall: The average aggregate response for the 5/99 survey was 2.58 on a scale from 1 to 4, where 1 is the lowest rating and 4 is the highest rating. The average aggregate response for the 7/00 survey was 2.51, again on a scale from 1 to 4, where 1 is the lowest and 4 is the highest. Employee satisfaction decreased slightly as a result of identified areas of employee concern. The OCC formed Task Force teams which focused on these concerns and developed action plans to address the issues. The action plans were communicated to employees and implemented during 2000 and carried forward through 2001.

Department of the Treasury – FY 2000 Program Performance Report

Office of Thrift Supervision Performance Goal: Develop and maintain an OTS workforce capable of providing assistance to thrift institutions in meeting the thrifts' regulatory responsibilities

Performance Measure: Percentage of Regulatory Staff Receiving at Least 30 Hours of Training Designed to Keep Them Current in Regulatory Issues and Industry Developments

CY 1997 Performance	CY 1998 Performance	CY 1999 Performance	CY 2000	
			Target	Performance
--	--	--	60%	69%

Explanation of Measure: OTS management is committed to maintaining a high degree of competence and skill for OTS employees. All OTS staff complete an Individual Development Plan each year. This plan includes detailed activities that the employee will complete during the year in order to achieve identified developmental objectives. Formal courses are a primary method of achieving these objectives. Mentoring, cross-training, assignments to other offices or departments, research, reading, and self-study programs are other examples of OTS's broad approach to employee development.